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SUBMISSION TO THE ONTARIO COMMITTEE ON TAXATION

FROM SCARBOROUGH AND ASSOCIATED FARMERS ASSOCIATION.

Dear Sirs:-

Abraham Lincoln was reputed to have said that "successful tax levying was very similar to taking down from a goose - you grabbed for the spot where you could get the biggest handful with the least squawk". This may have been said as a joke, or may never have been said by Lincoln at all, but it would certainly seem to be the doctrine followed in much of our taxing policy to-day. While such a policy may seem expedient at the moment, we believe it must ultimately prove disastrous and could indeed be a factor in the disintegration of our civilization, as it was in the fall of many former regimes.

We believe a fair and just formula which places the burden as equitably as possible on those receiving the benefits is the only solution to our taxation problem.

Since our own immediate and vital interest is municipal taxation, we will confine our specific objections and recommendation for reform to that area. We believe we speak with some knowledge, because the majority of our 500 active members would now be bankrupt through excessive municipal taxes except for the Grace of God, a good lawyer and some amendments to the Assessment Act.

The method of allocating municipal taxes in Ontario is basically the same now as it was when the first townships were organized, although conditions have changed drastically during the intervening years. One hundred years ago the value of a man's real property might be considered a fair indication of his income

and his ability to pay for municipal services, as well as being an indication of his need or desire for the said services. To-day in many cases, the reverse is true. A man's professional standing, his membership in a Union, or the value of his stocks and bonds is a far more true indication of his ability to pay than the value of his real estate. To compound the injustice, we have the absurdity of people who do not pay any direct municipal taxes at all, pressuring Council for services which a great many of the taxpaying property owners do not want, or cannot afford. Still more common is the practice of small home owners promoting schemes which cost them in added taxes only the price of a few hours work, but to the farmers and others with high assessments this could easily turn a potential profit to a very real loss in their business.

We see no other solution to this problem than to enact Legislation which would force each eligible voter in a municipality to pay his or her share of the costs of all services not directly related to the maintenance or increase of real property values - the individual assessments to be a charge against the residence of the individual.

We farmers have been among those most hurt by our present method of municipal taxation. With the continual increase of commuting between country homes and urban jobs, it would seem to be only a matter of a few years before practically all Southern Ontario municipalities are controlled by these urban workers with comparatively high incomes and low assessments. Perhaps at this time we should refute the myth, which seems to be prevalent in some quarters, that farmers are the darlings of

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Government and are rolling in money. Income tax returns show that farmers are pretty well at the bottom of the list.

Ontario Government publications show that the net income for farmers was even lower in 1961 than in 1951, (see Farm Management Report, 1961). "Agriculture Statistics 1962" also shows a lowering income. Our own records show the average price per cwt. of whole milk lower in 1962 than in 1951. The drop in the price of wheat, beef and pork is even more pronounced during the same period in spite of much higher operating costs. Unjustifiably high taxes could easily be the straw that breaks the camel's back.

If our previous suggestion of a personal tax to replace property tax for some services would seem too radical for immediate application, we would offer the following, which would give us some stop-gap benefit until more comprehensive measures could be taken.

There are many precedents establishing the rights of government to protect vulnerable taxpayers from crippling taxes; Section 12 of the Assessment Act, dealing with limitation of the tax levy to a percentage of gross receipts, such as applies to telephone and telegraph companies. This type of protection could well be applied to farms. Section 121 of the same Act gives Courts of Revision the power to grant "abatement of taxes" on specified types of property if their revenue producing capacity is lowered or lost completely. We believe farm land could very well be added to the list where weather conditions or other causes result in partial or total crop failure.

Revision of Section 35 of the Assessment Act, requiring Assessors to not consider speculative values in assessing farm land has already helped us, but there still seems to be a loop hole which some assessors use to justify excessively high valuations. They assess, at full, present farm value, but for other properties they take 30% or 40% of the present value, or use a value established in 1940 or some other year as their basis of valuation.

We recommend most strongly that where any assessment is altered and the new assessment appealed, the onus should be on the assessor to prove the equity of his valuation in comparison with other types of property as well as on property of the same type as that of the appellant.

In order to bring farm taxes more in line with those on residential property in the same municipality, we would also recommend that farm property, with the exception of the dwelling house(s) and five or ten acres, be exempt from municipal taxation for costs of education, welfare, health, recreation and administration of justice.

We believe, of course, that any present protection for farmers in the various Acts should be continued.

We appreciate this opportunity to present our views.

LEGISLATION COMMITTEE
SCARBOROUGH & ASSOCIATED FARMERS
ASSOCIATION.

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